



# Budget 2024 in a nutshell

# Our take on the Budget

## Fiscal Prudence

- Government has yet again showcased that fiscal prudence is the most important factor going forward. It is not just for current fiscal year, but the Finance Minister has projected a declining path in fiscal deficit post FY26.
- This is good for India in the long run as it will bring in positive outlook from the foreign investors and a possible rating upgrade.
- Eventually this is going to bring down the interest rates.

## Amritkaal vision

- The priorities which has been outlined in the budget shows Modi 3.0 continues to be focused on key segments such as Manufacturing, Infrastructure, Renewables, MSMEs & Employment.
- Government has made some select custom duty rate cuts in specific segments in order to aid the manufacturing.
- Steps which are in line with the Amritkaal vision.

## Taxation impact

- There was a wide swing in the market during the day due to the change in Equity taxation change on both LTCG (12.5%) and STCG (20%).
- We will be taking into consideration these taxation changes while rebalancing the portfolios at different point in time.
- Over the long term from an equity investment standpoint, we do not believe there is any impact which these taxation will have.

# Budget in a nutshell | Positives

Positives	Impact
<p><b>Fiscal Prudence trajectory</b></p> <ul style="list-style-type: none"> <li>FY25 fiscal deficit is estimated to be at 4.9% of GDP from an earlier estimate of 5.1%.</li> <li>FY26 estimated at 4.5% of GDP</li> <li>FY26 onwards it is further estimated to be on a declining path</li> </ul>	<ul style="list-style-type: none"> <li>Lower fiscal deficit is a sign of better fiscal discipline where government is relying less on borrowing and getting more revenues.</li> <li>This will be big boost to the India's credit rating.</li> <li>Eventually will lead to the Gsec yields declining and thereby benefiting the long term bonds.</li> </ul>
<p><b>Public capex focus continues</b></p>	<ul style="list-style-type: none"> <li>Government has maintained the public capex as mentioned in Feb 2024 budget of Rs 11.11 lakh crore.</li> <li>This shows continuity of the government's vision to boost infrastructure</li> </ul>
<p><b>Focus on Employment &amp; Skilling</b></p>	<ul style="list-style-type: none"> <li>First timers to receive 1 month wage upto Rs 15k in formal sectors. (2.1crore youth to benefit)</li> <li>Govt will reimburse EPFO contribution to employers for all new hires (upto Rs 3k per month)</li> <li>Scheme of providing internship opportunities in 500 top companies to 1 crore youth in 5 years. (with allowance of Rs 5k per month)</li> <li>Support for Higher Education loan upto Rs 10 lakh</li> </ul>
<p><b>MSME benefits</b></p>	<ul style="list-style-type: none"> <li>Mudra loans limit increased from Rs 10 lakh to Rs 20 lakh</li> <li>Credit Guarantee scheme for MSME in manufacturing space introduced. Guarantee fund upto Rs 100crores.</li> </ul>
<p><b>PM Awas Yojana – Urban 2.0</b></p>	<ul style="list-style-type: none"> <li>Investment of Rs 10 lakh crores to fulfil household needs of 1cr people</li> </ul>

# Budget in a nutshell | Positives

Positives	Impact
<b>Cut in custom duty rates of Gold, Silver &amp; Platinum</b>	<ul style="list-style-type: none"><li>• From custom duty of 10%, it has been reduced to 6% for gold and silver.</li><li>• This will reduce the gold &amp; silver prices and make it more affordable.</li></ul>
<b>Personal tax rates change under the New tax regime</b>	<ul style="list-style-type: none"><li>• Standard deduction has increased from Rs 50k to Rs 75k.</li><li>• Change in tax slabs which will eventually reduce tax burden. Refer annexures for new tax slabs.</li><li>• Overall a potential tax is saved upto Rs 17,500</li></ul>
<b>Increase in LTCG exemption limit (for equity investments)</b>	<ul style="list-style-type: none"><li>• Exemption limit increased from Rs 1 lakh to Rs 1.25 lakhs.</li></ul>
<b>Holding period revised for several asset classes</b>	<ul style="list-style-type: none"><li>• Earlier long term capital assets on non listed &amp; immovable assets was classified based on holding period of 36 months.</li><li>• It has now been revised to 24 months of holding period.</li><li>• Thereby by reducing the holding period, LTCG tax (of 12.5%) will be applied on such asset classes.</li></ul>
<b>Abolishment of Angel Tax</b>	<ul style="list-style-type: none"><li>• This will encourage entrepreneurship, startups and the whole ecosystem.</li></ul>
<b>Corporate Tax rate for Foreign companies reduced from 40% to 35%</b>	<ul style="list-style-type: none"><li>• Foreign Owned or Controlled Entities Indian companies that have received foreign investment and are owned or controlled by a foreign entity will benefit heavily from this tax liability reduction.</li></ul>

# Budget in a nutshell | Negatives

Negatives	Impact
<b>Revision of capital gains taxes in equity funds and direct stocks</b>	<ul style="list-style-type: none"><li>• STCG tax increased from 15% to 20% (holding period less than 12 months)</li><li>• LTCG tax increased from 10% to 12.5% (holding period 12 months or more)</li><li>• <b>Important note:</b> Above changes is effective from July 23 2024.</li></ul>
<b>Increase in STT paid on F&amp;O transaction</b>	<ul style="list-style-type: none"><li>• For Futures – STT increased from 0.0125% to 0.02%</li><li>• For Options – STT increased from 0.0625% to 0.1%</li><li>• <b>Important note:</b> This is effective from Oct 1 2024</li></ul>
<b>Indexation benefit abolished for Immovable property, Gold &amp; other unlisted assets</b>	<ul style="list-style-type: none"><li>• This is a very crucial change</li><li>• Previously LTCG on these assets were taxed at 20% with indexation benefit.</li><li>• This has now been changed to tax of 12.5%.</li><li>• <b>Important note:</b> Holders of real estate, gold &amp; unlisted equity shares over longer periods, entitled to higher indexation benefit, may have to shell out more money in taxes. <i>(clarification over grandfathering is yet to be sorted)</i></li></ul>

# Tax rate & holding period changes

Category	STCG		LTCG		Holding Period
	Earlier	Now	Earlier	Now	LTCG
<b>Mutual Funds</b>					
Equity MFs	<b>15%</b>	<b>20%</b>	<b>10%</b>	<b>12.50%</b>	12 months
Debt MFs	Slab rate	Slab rate	Slab rate	Slab rate	Any period
Equity FoFs	<b>Slab rate</b>	<b>20%</b>	<b>Slab rate</b>	<b>12.50%</b>	24 months
Gold Funds	Slab rate	Slab rate	<b>Slab rate</b>	<b>12.50%</b>	12 months
Overseas FoFs	Slab rate	Slab rate	<b>Slab rate</b>	<b>12.50%</b>	24 months
<b>Listed Assets</b>					
Stocks	<b>15%</b>	<b>20%</b>	<b>10%</b>	<b>12.50%</b>	12 months
Listed Bonds	<b>Slab rate</b>	<b>20%</b>	<b>10%</b>	<b>12.50%</b>	12 months
<b>Unlisted Assets</b>					
Real Estate	Slab rate	Slab rate	<b>20% with indexation</b>	<b>12.50%</b>	24 months
Physical Gold	Slab rate	Slab rate	<b>20% with indexation</b>	<b>12.50%</b>	24 months
Unlisted Stocks	Slab rate	Slab rate	<b>20% with indexation</b>	<b>12.50%</b>	24 months
Unlisted Bonds	Slab rate	Slab rate	Slab rate	Slab rate	Any period
Fixed Deposit	Slab rate	Slab rate	Slab rate	Slab rate	Any period

Please note, clarification continues to be provided by the Finance Ministry on taxation rates for several asset categories. If there is any change suggested, we will be providing through our communication modes.

# Change in Personal taxation | New Tax Regime

Old Tax Slabs	New Tax Slabs	Rate
Up to Rs. 3,00,000	Up to Rs. 3,00,000	NIL
Rs. 300,001 to Rs. 6,00,000	Rs. 300,001 to Rs. 7,00,000	5% (Tax Rebate u/s 87A)
Rs. 6,00,001 to Rs. 9,00,000	Rs. 7,00,001 to Rs. 10,00,000	10% (Tax Rebate u/s 87A up to Rs 7 lakh)
Rs. 9,00,001 to Rs. 12,00,000	Rs. 10,00,001 to Rs. 12,00,000	15%
Rs. 12,00,001 to Rs. 15,00,000	Rs. 12,00,001 to Rs. 15,00,000	20%
Above Rs. 15,00,000	Above Rs. 15,00,000	30%

Standard Deduction	Amount
Old Deduction Limit	Rs 50,000
New Deduction Limit	Rs 75,000

**Tax Saving on overall**

**Rs 17,500/-**